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Speeches and Major Press Releases

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Speeches and Major Policy Releases

U.S. Department of Agriculture • Office of Governmental and Public Affairs

Excerpts of remarks by Deputy Secretary Jim Williams before the Annual Farm City Week Luncheon, Jacksonville, Florida, November 25, 1980.

A scenario is developing in this country that I find disturbing on many counts, but particularly because it oversimplifies complex global factors that have been converging for the past 30 years.

"American preeminence" in the world.

Two distinct world views appear now to be taking shape.

According to one view, the United States, as all other nations, exists in a complex and interdependent world. Many aspects of American life are greatly influenced by international developments—by competition among the superpowers for influence in the Persian Gulf, for example. American domestic stability and world position in the 1980's will depend on recognizing this interdependence and developing policies that deal with it.

According to the other view, basic American will can still prevail over all forces. The strength and influence of other nations are not so much to be reckoned with as to be subjugated. American prosperity, world power, and respect are a matter of American will power, ingenuity and freedom. The United States can recapture its lost greatness. It can recreate the relatively happy and innocent 1950's. It can reestablish American leadership.

What bothers me about the second kind of thinking is this: It emphasizes a return to another time. It rolls back the plot to a time when leadership was a synonym for America as benefactor-superpower to a war-devastated world. If that was a proper leadership role for the U.S. 30 years ago—as I am convinced it was—is it necessarily the kind of leadership that a changed world needs from us today? Have we really lost our greatness? I'm not so sure. Or have the accomplishments and contributions that can be expected of a truly "great" nation in today's world changed and have we yet to update our thinking?

Today I want to take a look at certain world developments of the past 30 years to understand just where the United States stands on this globe and what the implications are for important policy decisions in the 1980's.

In terms of investment, American economic preeminence among the major developed countries (Japan, West Germany, France, United Kingdom) was clearly established in 1950. By 1979, it had shifted significantly.

In 1950, the U.S. invested 16.7 percent of its Gross Domestic Product (GDP) in capital goods. By 1979, the U.S. was investing just 15.8 percent of its GDP.

The other major countries, in contrast, were investing in capital goods at a faster rate during those 30 years to rebuild their economies after the war.

In 1950, Japan invested 20.6 percent of its GDP in capital goods. In 1979, Japan was investing over 30 percent of its GDP.

In 30 years, the other major developed nations have just about caught up with the U.S. in per capita GDP.

U.S. output per capita in 1950 represented almost one-half of the combined GDP of the five nations. By 1979, U.S. output per capita had dropped to about one-fifth of the total GDP of these five nations.

There are many things to consider in understanding these changes. First, it should not be thought that the U.S. was totally self-sufficient in 1950. Even at that time, we depended significantly on the world economy. But, as a Brookings Institution study points out, "For the majority of Americans that dependence was hidden from view and seemed of little consequence . . . With the increasing openness of the U.S. economy in the 1970's, a new view is becoming widespread among American citizens: despite the size and power of the United States, it is only one of many nations in an international system and is subject to the same disciplines of that system."

The fact is that this situation did not just happen to us. This is a world situation largely formed from American post-war policies.

Between the end of World War II and the late 1970's, the U.S. has deliberately encouraged the prosperity of its overseas allies with the intent of mutual benefit. It has been said that "American businessmen and bankers . . . after World War II built bridges that bound countries

together and tied America inextricably to the world outside."

What does this mean for the U.S.?

First, it means that rapid economic growth around the world has lessened America's share of the world's wealth. For example, when American production of steel, oil and grain are compared with world production, the American share of the world total has dropped since 1960—with the exception of grain.

This does not reflect a decline in American living standards because American output on just about every score has jumped sharply since the 1950's. It means that other nations started far behind and have experienced faster economic growth in recent decades. The differences among major industrial countries are no longer enormous. In the final analysis, more evenly distributed growth among nations—in which we have played an important role—is to our benefit.

Second, it means that more economically sound countries can result in stronger markets for American goods.

For example, in the past 30 years, Japan, which we helped after World War II, has increased the value of its exports about 62 times and has increased the value of its imports about 52 times.

The U.S. now has a large share of this Japanese import market.

Take the case of agriculture. Since the P.L. 480 Program was passed about 25 years ago, U.S. agricultural exports have gone from $3 billion to $40 billion. The amount of these exports shipped as commercial sales has risen from 67 percent to more than 95 percent today. Half of our agricultural exports in 1979 went to western Europe, Japan and Canada. In the 1950's and 1960's, Japan received substantial U.S. food aid. Not only did this aid provide commodities, but it generated local funds that helped spur economic development. Japan is now the largest commercial market for U.S. agricultural products.

Today we must look at developing countries in the same context that we saw nations like Japan and Germany 30 years ago. The developing countries represent vast potential markets for American goods and services.

In sheer numbers of people, the developing regions of the world represent strong potential demand. In the past 30 years, the population of the developed regions of the world has increased by about 300 million. In that same time, the population of less developed regions has

increased by 1.4 billion people.

Many of these developing nations are suddenly oil-rich. Nigeria is a case in point. It has plenty of oil and over 80 million people. We need that oil and Nigeria needs our agricultural technology know-how.

If there was any single event in the past 30 years that shifted the comfortable balance of power and made Americans aware that they are just a part of an international system, it was the OPEC oil embargo and the transfer of wealth to oil-exporting nations.

Only 30 years ago, the U.S. produced 52 percent and consumed 55 percent of the world's total oil production. At that time, Middle Eastern countries produced just 17 percent of the world's oil production. By 1977, we were producing less than 14 percent of the world total and the Middle East's share had risen to 37 percent. Today we consume about 28 percent of the world's oil production.

In 1950, the U.S. imported 7 percent of its oil consumption. By 1977, we were importing almost half of our consumption. As a result of OPEC price increases in the past few years and President Carter's comprehensive energy policy, U.S. oil imports this year are down to about 42 percent of our oil needs.

Japan imports 100 percent of its oil needs.

Germany imports 97 percent of its oil needs.

Again—evidence that we are not the only major developed country.

Estimates show that 1980 oil imports are averaging 19 percent lower than 1979 imports. Due largely to conservation policies, we are returning to pre-OPEC embargo import levels.

In the same way that oil has become a strategic commodity for the major developed nations of the world and the Persian Gulf a center of strategy, so the status of agricultural production around the world, and particularly in the U.S., is a key international factor.

This year we are selling $40 billion in farm products to foreign markets. This is $2 billion more than we had projected this year and the largest one-year gain in almost four centuries of American agricultural trade. We are projecting 1981 exports at still another record—$45 billion.

According to the world crop report issued two weeks ago, this year's corn crop in the U.S. is 17 percent below last year. Although this is the third largest crop on record, because of poor world production and heavy demand, global inventories will be dramatically lower by the end

of the current crop year.

The 1979-80 U.S. feedgrain carryout was 52 million metric tons. Of this, 17.5 MMT was in the farmer-owned reserve.

USDA is projecting a 1980-81 carryout of 20.6 MMT. Of this, we project 0.1 MMT in the reserve.

This means a very tight situation: virtually all of the farmer-owned reserve is projected to be redeemed into the market.

USDA predicts domestic food prices, which rose 9 percent this year, to increase 10-15 percent in 1981.

The world picture is also tight.

The total world supply of feed grains in 1980-81 is projected at 3 percent below last year.

USDA has revised its estimate of Soviet grain production to 185 MMT, down 10 percent from earlier predictions.

Lifting the current suspension of grain to the Soviets could have a sharply inflationary impact on domestic grain prices.

Clearly American agriculture now operates in a volatile, global and highly interdependent setting. Policy decisions, to be effective, must reflect these considerations.

Some of those who are uncomfortable that domestic policy options are largely influenced by international events, and particularly by the oil-rich Persian Gulf region, would like to see the U.S. retreat to a protectionist, isolationist Fortress Amnerica.

The irony of a U.S. that would adopt an international economic policy based on ruthless self-interest would be that it would be abandoning its own post-war policy and turning away from the very world it helped to shape.

The question is: Is an isolationist view any more realistic than the simplistic view that we can once again fully control events through sheer will power?

For those who would like to see America again preeminent, the question is whether such dominance is necessary, good, or even achievable in today's complex world? Is it not a sign of weakness to need to hold others in subservience? Or are we truly a "great" nation, in a far broader sense, for helping other nations approach our own level of consumption?

I question whether preeminence in the sense of domination is truly a sign of leadership today.

Does true leadership change with the times, with world needs and events? Would such leadership today demonstrate a sensitivity to global interdependence and an ability to combine the international and domestic aspects of a problem? And will America—our land, our people, and our leaders—be sensitive, aware, and alert enough to achieve this new leadership for the future world?

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Press Releases

U.S. Department of Agriculture • Office of Governmental and Public Affairs

COTTON PRICES TRIGGER INCREASED IMPORT QUOTA

WASHINGTON, Nov. 24--President Carter today established a special import quota, raising by 238,633,920 pounds the amount of upland cotton that can be imported into the United States. This is about 500,000 bales. According to Secretary of Agriculture Bob Bergland, the quota becomes effective the day after its publication in the Federal Register and will last for 90 days.

Bergland said the action came after higher cotton prices during the past month triggered a special provision of the Food and Agriculture Act of 1977. It requires the president to establish a special import quota whenever the average spot price for strict low middling 1-1/16 inch cotton (micronaire 3.5 through 4.9) for one month exceeds 130 percent of the average price for such cotton for the preceding 36 months.

The average spot price for September was 87.51 cents per pound. This was 139 percent of the preceding 36-month average of 62.85 cents per pound, Bergland said.

The special quota represents three weeks' domestic mill consumption. The Act provides that if a special quota has been established during the preceding twelve months, the amount of the special quota shall be the smaller of three weeks' average domestic mill cosumption during the most recent three months for which data are available, or the amount required to increase the supply to 130 percent of demand. Under the formula prescribed by the act, the latter amount is 261,757,920 pounds, Bergland said.

Cotton prices in March triggered a 90-day quota of about 500,000 bales, which resulted in imports of just over 1,000 bales.

The quota is in addition to the existing cotton quotas established under section 22 of the Agricultural Adjustment Act, as amended. These quotas, which are broken down by staple length rather than by type, total 20,518,835 pounds, exclusive of the quotas for staple lengths generally covering extra long staple cotton and cotton waste which are not affected by today's action.

There are no country-by-country allocations under the quota and no special import licenses are required.

If the price-trigger conditions still exist when the quota expires, a new quota must be proclaimed.

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USDA PROPOSES TIGHTER RESTRICTIONS ON IMPORTED WOOL

WASHINGTON, Nov. 26--To prevent the risk of introducing foreign animal disease into the United States, the U.S. Department of Agriculture is proposing stricter regulations on imported wool.

In the past, wool taken from live animals could be imported without restrictions, providing it was "reasonably" free of manure, said Pierre Chaloux, deputy administrator for USDA's Animal and Plant Health Inspection Service. "This may result in contaminated wool being imported," he said.

"Contaminated shipments present a risk of introducing harmful animal diseases such as foot-and-mouth disease, rinderpest and anthrax into the United States," he said. "Since wool has an oily, greasy texture, it is more susceptible to manure contamination than other animal products."

To reduce this contamination risk, only manure-free wool taken from animals that have been slaughtered and wool taken from the upper part of sheep--also referred to as full skirted--would be allowed to be imported under the proposal.

Wool taken from the animal's upper body would tend to be free of manure and therefore reduce the risk of animal disease transmission, Chaloux said.

"These restrictions will cause only minimal interference with international trade," he said. "This will help keep foreign diseases from infecting our livestock."

Under the proposal, wool being imported into the United States would have to be accompanied by a certificate attesting to the wool's origin, Chaloux said. Inspection would be made at three U.S. ports of entry to determine compliance with this regulation.

Written comments on this proposal should be addressed to the deputy administrator, USDA, APHIS, VS, Federal Building, room 815, 6505 Belcrest Rd., Hyattsville, Md., 20782. The proposal is scheduled to be published in the Nov. 26 Federal Register.

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USDA PROVIDING MORE LABEL APPROVAL INFORMATION TO PUBLIC

WASHINGTON, Nov. 26--The public will have greater access to information about the U.S. Department of Agriculture's review of food labels under a new system announced today.

Assistant Secretary of Agriculture Carol Tucker Foreman said the system will provide timely information about decisions made in USDA's daily review of labels to be used on meat and poultry products.

Effective Dec. 29, USDA's Food Safety and Quality Service will issue memoranda describing significant or new interpretations of the meat and poultry labeling laws, regulations and policies administered by the agency. Copies of these memoranda will be made available to the public.

In addition, the agency will periodically publish notices in the Federal Register listing recent decisions, Foreman said.

"The new procedures will not change present label review practices," Foreman said, "but they will assist our efforts to ensure that labels on meat and poultry products are truthful, accurate and not misleading."

Foreman said the system is one of the agency's efforts to address concerns expressed by industry and the department's Office of the Inspector General. Industry has said it needs to know of changes in policy before it prepares new labeling applications. The inspector general criticized the practice of recording label policy decisions in documents not generally available to the public, Foreman said.

The Federal Meat Inspection Act and the Poultry Products Inspection Act require USDA to approve labels before they are used on federally inspected meat or poultry products. Although most labeling applications are routinely approved or denied under the labeling requirements, some labels require individual interpretation. These new interpretations will now be announced publicly.

Notice of the procedures is scheduled to appear in the Nov. 28 Federal Register. For further imformation, contact: Robert Hibbert, director, meat and poultry standards and labeling division, FSQS, USDA, Washington, D.C. 20250, (202) 447-6042.

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